

ANNUAL STATEMENT

For the Year Ending December 31, 2003

OF THE CONDITION AND AFFAIRS OF THE

Midwest Health Plan, Inc.

NAIC Group Code	0000	0000	NAIC Company Code	95814	Employer's ID Number	38-3123777
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]	Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X]	Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]			
Date Incorporated or Organized	01/01/1994		Date Commenced Business	01/01/1994		
Statutory Home Office	5050 Schaefer Road		Dearborn, MI 48126			
	(Street and Number)		(City, or Town, State and Zip Code)			
Main Administrative Office	5050 Schaefer Road					
	Dearborn, MI 48126		(313)581-3700			
	(City or Town, State and Zip Code)		(Area Code) (Telephone Number)			
Mail Address	5050 Schaefer Road		Dearborn, MI 48126			
	(Street and Number or P.O. Box)		(City, or Town, State and Zip Code)			
Primary Location of Books and Records	5050 Schaefer					
	Dearborn, MI 48126		(313)581-3700			
	(City, or Town, State and Zip Code)		(Area Code) (Telephone Number)			
Internet Website Address	www.midwesthealthplan.com					
Statutory Statement Contact	Allen A. Kessler, CPA		(313)586-6064			
	(Name)		(Area Code)(Telephone Number)(Extension)			
	akessler@midwesthealthplan.com		(313)581-8699			
	(E-Mail Address)		(Fax Number)			
Policyowner Relations Contact						
			(Street and Number)			
	(City, or Town, State and Zip Code)		(Area Code) (Telephone Number)(Extension)			

OFFICERS

President	Mark Saffer DPM
Secretary	Jack Shapiro MD
Treasurer	Robert Rubin DPM

VICE PRESIDENTS

Marshall G. Katz MD	Allen A. Kessler CPA
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DIRECTORS OR TRUSTEES

Mark Saffer DPM	Jack Shapiro MD
Rick Poston DO	Robert Rubin DPM
Demitra Morgan	Kathy Vass #

State of	Michigan
County of	Wayne ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

(Signature)	(Signature)	(Signature)
Mark Saffer	Jack Shapiro	Robert Rubin
(Printed Name)	(Printed Name)	(Printed Name)
President	Secretary	Treasurer

Subscribed and sworn to before me this _____ day of _____, 2004	a. Is this an original filing?	Yes[X] No[]
	b. If no,	
	1. State the amendment number	_____
	2. Date filed	_____
	3. Number of pages attached	_____

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)	1,007,813		1,007,813	1,017,201
2.	Stocks (Schedule D)				
2.1	Preferred stocks				
2.2	Common Stocks				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$..... encumbrances)				
4.2	Properties held for the production of income (less \$..... encumbrances)				
4.3	Properties held for sale (less \$..... encumbrances)				
5.	Cash (\$.....32,648,946 Schedule E Part 1), cash equivalents (\$..... Schedule E Part 2) and short-term investments (\$..... Schedule DA)	32,648,946		32,648,946	23,653,271
6.	Contract loans (including \$..... premium notes)				
7.	Other invested assets (Schedule BA)				
8.	Receivable for securities				
9.	Aggregate write-ins for invested assets				
10.	Subtotals, cash and invested assets (Lines 1 to 9)	33,656,759		33,656,759	24,670,472
11.	Investment income due and accrued	34,831		34,831	
12.	Premiums and considerations				
12.1	Uncollected premiums and agents' balances in the course of collection				2,119,609
12.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$..... earned but unbilled premiums)				
12.3	Accrued retrospective premiums				
13.	Reinsurance:				
13.1	Amounts recoverable from reinsurers	29,334		29,334	88,705
13.2	Funds held by or deposited with reinsured companies				
13.3	Other amounts receivable under reinsurance contracts				
14.	Amounts receivable relating to uninsured plans				
15.1	Current federal and foreign income tax recoverable and interest thereon ...	508,673		508,673	
15.2	Net deferred tax asset	519,000	519,000		
16.	Guaranty funds receivable or on deposit				
17.	Electronic data processing equipment and software	212,208		212,208	506,693
18.	Furniture and equipment, including health care delivery assets (\$.....)	11,838	11,838	0	
19.	Net adjustment in assets and liabilities due to foreign exchange rates				
20.	Receivables from parent, subsidiaries and affiliates				
21.	Health care (\$.....) and other amounts receivable	917,934		917,934	
22.	Other assets nonadmitted				
23.	Aggregate write-ins for other than invested assets	116,785	17,518	99,267	55,883
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	36,007,362	548,356	35,459,006	27,441,362
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26.	Total (Lines 24 and 25)	36,007,362	548,356	35,459,006	27,441,362
DETAILS OF WRITE-INS					
0901.	.....			
0902.	.....			
0903	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301.	Leasehold Improvements	116,785	17,518	99,267	55,883
2302.	.....			
2303.	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	116,785	17,518	99,267	55,883

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded)	17,840,925		17,840,925	14,537,710
2.	Accrued medical incentive pool and bonus amounts	1,153,263		1,153,263	1,219,720
3.	Unpaid claims adjustment expenses	380,000		380,000	260,000
4.	Aggregate health policy reserves				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance				
9.	General expenses due or accrued	402,735		402,735	213,075
10.1	Current federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses))				910,711
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittance and items not allocated				
14.	Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current)				
15.	Amounts due to parent, subsidiaries and affiliates	93,642		93,642	74,967
16.	Payable for securities				
17.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers)				
18.	Reinsurance in unauthorized companies				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Liability for amounts held under uninsured accident and health plans				
21.	Aggregate write-ins for other liabilities (including \$..... current)	1,424,029		1,424,029	91,146
22.	TOTAL Liabilities (Lines 1 to 21)	21,294,594		21,294,594	17,307,329
23.	Common capital stock	X X X	X X X	220,000	220,000
24.	Preferred capital stock	X X X	X X X		
25.	Gross paid in and contributed surplus	X X X	X X X		
26.	Surplus notes	X X X	X X X		
27.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
28.	Unassigned funds (surplus)	X X X	X X X	13,944,412	9,914,033
29.	Less treasury stock, at cost:	X X X	X X X		
29.1	..... shares common (value included in Line 23 \$.....)	X X X	X X X		
29.2	..... shares preferred (value included in Line 24 \$.....)	X X X	X X X		
30.	TOTAL capital and surplus (Lines 23 to 28 minus Line 29)	X X X	X X X	14,164,412	10,134,033
31.	TOTAL Liabilities, capital and surplus (Lines 22 and 30)	X X X	X X X	35,459,006	27,441,362
DETAILS OF WRITE-INS					
2101.	Accrued Salary & Payroll Taxes	118,657		118,657	83,746
2102.	Unearned Grant Funding	22,200		22,200	7,400
2103.	MDCH QA Assessment Fee	1,283,172		1,283,172	
2198.	Summary of remaining write-ins for Line 21 from overflow page				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)	1,424,029		1,424,029	91,146
2701	.....	X X X	X X X		
2702	.....	X X X	X X X		
2703	.....	X X X	X X X		
2798.	Summary of remaining write-ins for Line 27 from overflow page	X X X	X X X		
2799.	TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	540,063	457,773
2.	Net premium income (including \$..... non-health premium income)	X X X	96,438,276	78,513,831
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$..... medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X	(3,364,999)	115,824
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	TOTAL revenues (Lines 2 to 7)	X X X	93,073,277	78,629,655
Hospital and Medical:				
9.	Hospital/medical benefits		51,530,679	34,203,423
10.	Other professional services		4,273,079	1,848,671
11.	Outside referrals		1,347,200	10,199,878
12.	Emergency room and out-of-area		5,637,929	5,346,561
13.	Prescription drugs		13,356,111	12,148,254
14.	Aggregate write-ins for other hospital and medical		380,000	260,000
15.	Incentive pool, withhold adjustments and bonus amounts		1,602,044	2,110,873
16.	Subtotal (Lines 9 to 15)		78,127,042	66,117,660
Less:				
17.	Net reinsurance recoveries			
18.	TOTAL hospital and medical (Lines 16 minus 17)		78,127,042	66,117,660
19.	Non-health claims			
20.	Claims adjustment expenses		1,601,333	1,320,000
21.	General administrative expenses		7,297,163	6,136,282
22.	Increase in reserves for life and accident and health contracts (including \$..... increase in reserves for life only)			
23.	TOTAL underwriting deductions (Lines 18 through 22)		87,025,538	73,573,942
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	6,047,740	5,055,713
25.	Net investment income earned		302,240	348,679
26.	Net realized capital gains or (losses)			
27.	Net investment gains or (losses) (Lines 25 plus 26)		302,240	348,679
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)]			
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	6,349,980	5,404,392
31.	Federal and foreign income taxes incurred	X X X	2,130,000	1,889,000
32.	Net income (loss) (Lines 30 minus 31)	X X X	4,219,980	3,515,392
DETAILS OF WRITE-INS				
0601.	Revenue - Other	X X X	191,016	115,824
0602.	MDCH QA Assessment Fee	X X X	(3,556,015)	
0603	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	(3,364,999)	115,824
0701	.....	X X X		
0702	.....	X X X		
0703	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.	Unpaid Claims Adjustment Expense		380,000	260,000
1402	.....		
1403	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)		380,000	260,000
2901.	.....		
2902	.....		
2903	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	10,134,033	6,126,577
GAINS AND LOSSES TO CAPITAL & SURPLUS			
34.	Net income or (loss) from Line 32	4,219,980	3,515,392
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Net unrealized capital gains and losses		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax		
39.	Change in nonadmitted assets	(49,600)	492,064
40.	Change in unauthorized reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in		
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders	(140,000)	
47.	Aggregate write-ins for gains or (losses) in surplus		
48.	Net change in capital and surplus (Lines 34 to 47)	4,030,379	4,007,456
49.	Capital and surplus end of reporting year (Line 33 plus 48)	14,164,412	10,134,033
DETAILS OF WRITE-INS			
4701	.....	
4702	.....	
4703	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	98,557,885	80,513,342
2.	Net investment income	457,069	348,679
3.	Miscellaneous income	(3,364,999)	
4.	Total (Lines 1 through 3)	95,649,955	80,862,021
5.	Benefit and loss related payments	74,814,941	65,417,566
6.	Net transfers to Separate, Segregated and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	8,483,175	6,756,352
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) \$...... net tax on capital gains (losses)	3,603,384	1,029,514
10.	Total (Lines 5 through 9)	86,901,500	73,203,432
11.	Net cash from operations (Lines 4 minus 10)	8,748,455	7,658,589
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	1,017,201	1,039,842
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash and short-term investments		
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)	1,017,201	1,039,842
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	1,007,813	1,017,201
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	Total investments acquired (Lines 13.1 to 13.6)	1,007,813	1,017,201
14.	Net increase (or decrease) in policy loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	9,388	22,641
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds received		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders	(140,000)	
16.6	Other cash provided (applied)	98,315	1,473,335
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	238,315	1,473,335
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
18.	Net change in cash and short-term investments (Line 11, plus Line 15, plus Line 17)	8,996,158	9,154,565
19.	Cash and short-term investments:		
19.1	Beginning of year	23,653,271	14,498,706
19.2	End of year (Line 18 plus Line 19.1)	32,649,429	23,653,271

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

(Gain and Loss Exhibit)

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other Health	Other Non-Health
1.	Net premium income	96,438,276							96,438,276					
2.	Change in unearned premium reserves and reserve for rate credit													
3.	Fee-for-service (net of \$..... medical expenses)													X X X
4.	Risk revenue													X X X
5.	Aggregate write-ins for other health care related revenues	(3,364,999)							(3,364,999)					X X X
6.	Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	TOTAL revenues (Lines 1 to 6)	93,073,277							93,073,277					
8.	Hospital/medical benefits	51,530,679							51,530,679					X X X
9.	Other professional services	4,273,079							4,273,079					X X X
10.	Outside referrals	1,347,200							1,347,200					X X X
11.	Emergency room and out-of-area	5,637,929							5,637,929					X X X
12.	Prescription drugs	13,356,111							13,356,111					X X X
13.	Aggregate write-ins for other hospital and medical	380,000							380,000					X X X
14.	Incentive pool, withhold adjustments and bonus amounts	1,602,044							1,602,044					X X X
15.	Subtotal (Lines 8 to 14)	78,127,042							78,127,042					X X X
16.	Net reinsurance recoveries													X X X
17.	TOTAL hospital and medical (Lines 15 minus 16)	78,127,042							78,127,042					X X X
18.	Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses	1,601,333							1,601,333					
20.	General administrative expenses	7,297,163							7,297,163					
21.	Increase in reserves for accident and health contracts													X X X
22.	Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	TOTAL underwriting deductions (Lines 17 to 22)	87,025,538							87,025,538					
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	6,047,740							6,047,740					
DETAILS OF WRITE-INS														
0501.	Revenue - Other	191,016							191,016					X X X
0502.	MDCH QA Assessment Fee	(3,556,015)							(3,556,015)					X X X
0503	.....													X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page													X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	(3,364,999)							(3,364,999)					X X X
0601.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	Unpaid Claims Adjustment Expense	380,000							380,000					X X X
1302	.....													X X X
1303	.....													X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page													X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)	380,000							380,000					X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employee Health Benefits Plan .....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....
7.	Title XIX - Medicaid	96,721,255	90,980	373,959	96,438,276
8.	Stop loss .....	.....	.....	.....	.....
9.	Disability income .....	.....	.....	.....	.....
10.	Long-term care .....	.....	.....	.....	.....
11.	Other health .....	.....	.....	.....	.....
12.	Health subtotal (Lines 1 through 11)	96,721,255	90,980	373,959	96,438,276
13.	Life .....	.....	.....	.....	.....
14.	Property/casualty .....	.....	.....	.....	.....
15.	TOTALS (Lines 12 to 14)	96,721,255	90,980	373,959	96,438,276

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1.	Payments during the year:													
	1.1 Direct	73,077,693							73,077,693					
	1.2 Reinsurance assumed													
	1.3 Reinsurance ceded													
	1.4 Net	73,077,693							73,077,693					
2.	Paid medical incentive pools and bonuses	1,692,590							1,692,590					
3.	Claim liability December 31, current year from Part 2A:													
	3.1 Direct	18,220,925							18,220,925					
	3.2 Reinsurance assumed													
	3.3 Reinsurance ceded													
	3.4 Net	18,220,925							18,220,925					
4.	Claim reserve December 31, current year from Part 2D:													
	4.1 Direct													
	4.2 Reinsurance assumed													
	4.3 Reinsurance ceded													
	4.4 Net													
5.	Accrued medical incentive pools and bonuses, current year	1,153,263							1,153,263					
6.	Amounts recoverable from reinsurers December 31, current year	29,334							29,334					
7.	Claim liability December 31, prior year from Part 2A:													
	7.1 Direct	14,797,710							14,797,710					
	7.2 Reinsurance assumed													
	7.3 Reinsurance ceded													
	7.4 Net	14,797,710							14,797,710					
8.	Claim reserve December 31, prior year from Part 2D:													
	8.1 Direct													
	8.2 Reinsurance assumed													
	8.3 Reinsurance ceded													
	8.4 Net													
9.	Accrued medical incentive pools and bonuses, prior year	1,219,720							1,219,720					
10.	Amounts recoverable from reinsurers December 31, prior year	88,705							88,705					
11.	Incurred benefits:													
	11.1 Direct	76,500,908							76,500,908					
	11.2 Reinsurance assumed													
	11.3 Reinsurance ceded	(59,371)							(59,371)					
	11.4 Net	76,560,279							76,560,279					
12.	Incurred medical incentive pools and bonuses	1,626,133							1,626,133					

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - Claims Liability End of Current Year

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1.	Reported in Process of Adjustment:													
	1.1 Direct													
	1.2 Reinsurance assumed													
	1.3 Reinsurance ceded													
	1.4 Net													
2.	Incurred but Unreported:													
	2.1 Direct	17,840,925							17,840,925					
	2.2 Reinsurance assumed													
	2.3 Reinsurance ceded													
	2.4 Net	17,840,925							17,840,925					
3.	Amounts Withheld from Paid Claims and Capitations:													
	3.1 Direct													
	3.2 Reinsurance assumed													
	3.3 Reinsurance ceded													
	3.4 Net													
4.	TOTALS													
	4.1 Direct	17,840,925							17,840,925					
	4.2 Reinsurance assumed													
	4.3 Reinsurance ceded													
	4.4 Net	17,840,925							17,840,925					

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan .....	.....	.....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....	.....	.....
7.	Title XIX - Medicaid	10,886,185	62,191,508	1,476,704	16,744,221	12,362,889	14,797,710
8.	Other health .....	.....	.....	.....	.....	.....	.....
9.	Health subtotal (Lines 1 to 8)	10,886,185	62,191,508	1,476,704	16,744,221	12,362,889	14,797,710
10.	Other non-health .....	.....	.....	.....	.....	.....	.....
11.	Medical incentive pool and bonus amounts	1,219,720	472,870	.....	1,153,263	1,219,720	1,219,720
12.	TOTALS (Lines 9 to 11)	12,105,905	62,664,378	1,476,704	17,897,484	13,582,609	16,017,430

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior	5,387,719	94,458	9,390		
2.	1999	14,336,991	2,837,037	10,507		
3.	2000	X X X	28,338,197	6,565,880	125,795	
4.	2001	X X X	X X X	45,054,650	8,770,348	222,853
5.	2002	X X X	X X X	X X X	53,422,548	10,515,170
6.	2003	X X X	X X X	X X X	X X X	62,339,670

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior	6,100,351	94,458	9,390		
2.	1999	18,714,359	3,000,775	10,507		
3.	2000	X X X	36,008,292	7,580,949	125,795	
4.	2001	X X X	X X X	57,192,182	12,026,805	257,514
5.	2002	X X X	X X X	X X X	64,933,801	12,105,375
6.	2003	X X X	X X X	X X X	X X X	78,935,729

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	Prior to 1999	X X X			X X X		X X X				X X X
2.	1999										
3.	2000										
4.	2001		223			223		35		258	
5.	2002		10,515			10,515		1,442		11,957	
6.	2003	96,438	61,960	380	0.613	62,340	64.643	17,517	380	80,237	83.201
7.	TOTAL (Lines 1 through 6)	X X X	72,698	380	X X X	73,078	X X X	18,994	380	92,452	X X X
8.	TOTAL (Lines 2 through 6)	96,438	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare	NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)
Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior	5,387,719	94,458	9,390		
2.	1999	14,336,991	2,837,037	10,507		
3.	2000	X X X	28,338,197	6,565,880	125,795	
4.	2001	X X X	X X X	45,054,650	8,770,348	222,853
5.	2002	X X X	X X X	X X X	53,422,548	10,515,170
6.	2003	X X X	X X X	X X X	X X X	62,339,670

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior	6,100,351	94,458	9,390		
2.	1999	18,714,359	3,000,775	10,507		
3.	2000	X X X	36,008,292	7,580,949	125,795	
4.	2001	X X X	X X X	57,192,182	12,026,805	257,514
5.	2002	X X X	X X X	X X X	64,933,801	12,105,375
6.	2003	X X X	X X X	X X X	X X X	78,935,729

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	Prior to 1999	X X X			X X X		X X X				X X X
2.	1999										
3.	2000										
4.	2001		223			223		35		258	
5.	2002		10,515			10,515		1,442		11,957	
6.	2003	96,438	61,960	380	0.613	62,340	64.643	17,517	380	80,237	83.201
7.	TOTAL (Lines 1 through 6)	X X X	72,698	380	X X X	73,078	X X X	18,994	380	92,452	X X X
8.	TOTAL (Lines 2 through 6)	96,438	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other. NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other. NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve - NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	1	2	3	4
	Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$..... for occupancy of own building)	70,000	520,488		590,488
2. Salaries, wages and other benefits	1,100,000	2,772,042		3,872,042
3. Commissions (less \$..... ceded plus \$..... assumed)				
4. Legal fees and expenses		474,578		474,578
5. Certifications and accreditation fees		123,449		123,449
6. Auditing, actuarial and other consulting services	10,000	356,963		366,963
7. Traveling expenses		134,489		134,489
8. Marketing and advertising		299,729		299,729
9. Postage, express and telephone	86,000	416,942		502,942
10. Printing and office supplies	15,000	421,410		436,410
11. Occupancy, depreciation and amortization		22,846		22,846
12. Equipment		15,395		15,395
13. Cost or depreciation of EDP equipment and software	300,000	1,005,019		1,305,019
14. Outsourced services including EDP, claims, and other services		134,844		134,844
15. Boards, bureaus and association fees				
16. Insurance, except on real estate		55,059		55,059
17. Collection and bank service charges				
18. Group service and administration fees				
19. Reimbursements by uninsured accident and health plans				
20. Reimbursements from fiscal intermediaries				
21. Real estate expenses	10,000	111,952		121,952
22. Real estate taxes				
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes		199,144		199,144
23.2 State premium taxes				
23.3 Regulator authority licenses and fees		33,829		33,829
23.4 Payroll taxes	10,333	198,562		208,895
23.5 Other (excluding federal income and real estate taxes)				
24. Investment expenses not included elsewhere				
25. Aggregate write-ins for expenses		423		423
26. Total expenses incurred (Lines 1 to 25)	1,601,333	7,297,163		(a) 8,898,496
27. Less expenses unpaid December 31, current year		402,735		402,735
28. Add expenses unpaid December 31, prior year		231,075		231,075
29. Amounts receivable relating to uninsured accident and health plans, prior year				
30. Amounts receivable relating to uninsured accident and health plans, current year				
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .	1,601,333	7,125,503		8,726,836
DETAILS OF WRITE-INS				
2501. Miscellaneous		423		423
2502. 0				
2503. 0				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 + 2598)(Line 25 above)		423		423

(a) Includes management fees of \$..... to affiliates and \$..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a)..... 12,278	..... 12,278
1.1	Bonds exempt from U.S. tax	(a).....	.....
1.2	Other bonds (unaffiliated)	(a).....	.....
1.3	Bonds of affiliates	(a).....	.....
2.1	Preferred stocks (unaffiliated)	(b).....	.....
2.11	Preferred stocks of affiliates	(b).....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash/short-term investments	(e)..... 258,673	..... 289,962
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....	.....
10.	Total gross investment income .....	..... 270,951	..... 302,240
11.	Investment expenses	(g).....	
12.	Investment taxes, licenses and fees, excluding federal income taxes	(g).....	
13.	Interest expense	(h).....	
14.	Depreciation on real estate and other invested assets	(i).....	
15.	Aggregate write-ins for deductions from investment income .....	.....
16.	Total deductions (Lines 11 through 15) .....	.....
17.	Net Investment income (Line 10 minus Line 16) .....	..... 302,240	
DETAILS OF WRITE-INS			
0901	.....	.....	.....
0902	.....	.....	.....
0903	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....
1501	.....	.....	.....
1502	.....	.....	.....
1503	.....	.....	.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....	.....	.....

- (a) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (b) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued dividends on purchases.
- (c) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (d) Includes \$..... for company's occupancy of its own buildings; and excluding \$..... interest on encumbrances.
- (e) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (f) Includes \$..... accrual of discount less \$..... amortization of premium.
- (g) Includes \$..... investment expenses and \$..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.
- (i) Includes \$..... depreciation on real estate and \$..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	Total
1.	U.S. Government bonds .....	.....	.....	.....	.....	.....
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....	.....	.....
1.2	Other bonds (unaffiliated) .....	.....	.....	.....	.....	.....
1.3	Bonds of affiliates .....	.....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	.....	.....
3.	Mortgage loans .....	.....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....	.....
6.	Cash/short-term investments .....	.....	.....	.....	.....	.....
7.	Derivative instruments .....	.....	.....	.....	.....	.....
8.	Other invested assets .....	.....	.....	.....	.....	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....	.....
10.	Total capital gains (losses) .....	.....	.....	.....	.....	.....
DETAILS OF WRITE-INS						
0901	.....	.....	.....	.....	.....	.....
0902	.....	.....	.....	.....	.....	.....
0903	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....	.....	.....	.....

NONE

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

		1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1.	Summary of items Page 2, Lines 12 to 20, Column 2	530,838	498,756	(32,082)
2.	Other Nonadmitted Assets:			
2.1	Bills receivable			
2.2	Leasehold improvements	17,518		(17,518)
2.3	Cash advanced to or in the hands of officers and agents			
2.4	Loans on personal security, endorsed or not			
2.5	Commuted commissions			
3.	Total (Lines 2.1 to 2.5)	17,518		(17,518)
4.	Aggregate write-ins for other assets			
5.	TOTAL (Line 1 plus Line 3 and Line 4)	548,356	498,756	(49,600)
DETAILS OF WRITE-INS				
0401.	Goodwill			
0402.	Other Current Assets			
0403	.....		
0498.	Summary of remaining write-ins for Line 4 from overflow page			
0499.	TOTALS (Lines 0401 through 0403 plus 0498) (Line 4 above)			

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	40,316	42,079	45,800	48,236	48,729	540,063
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service						
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	TOTAL	40,316	42,079	45,800	48,236	48,729	540,063
DETAILS OF WRITE-INS							
0601	.....					
0602	.....					
0603	.....					
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statement

1. Summary of Significant Accounting Policies

a. Basis of Presentation

The financial statements have been prepared on the basis of accounting practices generally prescribed or permitted by the State of Michigan Division of Insurance (statutory basis). Financial statements prepared on the statutory basis vary in some respects from those prepared in accordance with accounting principles generally accepted in the United States of America.

b. Generally Accepted Accounting Principles

The significant accounting principles, as outlined above, were followed in the preparation of the statutory basis financial statements. Had the financial statements been prepared in accordance with the accounting principles generally accepted in the United States of America, the following differences would have been noted:

- Furnitures and fixtures and operating software would be capitalized at cost and depreciated over the estimated useful lives of the assets.
- Deferred income taxes would be provided for temporary differences between taxes currently payable and taxes based upon financial income.
- Certain receivables and prepaid expenses would be recognized at fair value.

c. Use of Estimates

The prepartion of financial statements requires management to make estimates and assumptions that affect the reported amounts of (1) assets and liabilities and the disclosure of contingent assets and liabilities at the date of the fianacial statements, and (2) revenues and expenses during the reporting period. A significant item subject to such estimates includes the accrual for hospitalization and other external providers. Actual results could differ from those estimates.

d. Cash Equivalents

All highly liquid investments with original maturities of three months or less are classified as cash equivalents.

e. Improvements, Equipment and Depreciation

Improvements and equipment are stated at cost. Depreciation is computed over the estimated useful lives of the assets using both the straight-line and accelerated methods.

f. Revenue Recognition

The Plan operates under two capitated contracts with the Michigan Department of Community Health (MDCH). For the years ended December 31, 2003 and 2002, these contract provided the majority of the Plan's operating revenues. Revenue is recognized during the month in which coverage for enrolled members is in effect.

The MDCH performs a close-out reconciliation for each calendar year, which can result in additional payments to or from the Plan. Amounts receivable or payable as a result of the MDCH reconciliation process are recorded in the year known or estimatible.

g. Risk Sharing Pool

The Plan's contracts with providers require specified withholdings from capitation payments to create a pool for risk sharing. The pool is used to cover expenses incurred in the event of over-utilization of medical services. The amounts retained are payable to the providers generally at a 50/50 reimbursement rate when the Plan's management determines that the remaining funds, if any, are not required to cover related costs. If related costs exceed withholdings, the Plan can recoup from the providers up to 3% of the total capitation paid by MDCH to the Plan.

h. Hospitalization and Other External Providers

The Plan accrues the cost of hospitalization and other external provider expenses in the period in which they are provided based in part on estimates, including an estimate for claims incurred but not reported to the Plan (IBNR).

2. Accounting Change and Correction of Errors

None.

3. Business Combination and Goodwill

None

4. Discontinued Operations

None.

5. Investments

a. Restricted Deposits

Restricted deposits represent a minimum deposit in trust to comply with requirements of the State of Michigan Division of Insurance.

Notes to Financial Statement

b. Short-term Investments

Short-term investments consist primarily of interest bearing governmental and corporate debt securities with original maturities greater than three months and less than one year. The Plan has determined that its short-term investments will be held to maturity and are therefore carried at amortized cost in the accompanying financial statements.

c. Long-term Investments

Long-term investments consist primarily of interest bearing governmental debt securities with original maturities greater than one year. The Plan has determined that its long-term investments will be held to maturity and are therefore carried at amortized cost in the accompanying financial statements.

d. Concentrations of Credit Risk

Financial instruments which potentially subject the Plan to significant concentrations of credit risk consist principally of cash and cash equivalents. The Plan places its cash and cash equivalents with high credit quality financial institutions. At times, such cash and cash equivalents may be in excess of the respective financial institution's FDIC insurance limit. The Plan performs periodic evaluations of the relative credit standing of these institutions.

6. Joint Ventures, Partnerships and Limited Liability Companies

None.

7. Investment Income

During the fiscal year 2003 interest income:

Cash and short-term bonds	\$289,962
Long-term bonds	<u>12,278</u>
	\$302,240

8. Derivative Instruments

None.

9. Taxes On Income

Income taxes are calculated using the liability method specified by Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes."

The provision for taxes on income consisted of the following:

<i>Year Ended December 31,</i>	2003	2002
<hr/>		
Current	\$2,184,000	\$2,013,000
Deferred		(54,000)
		(124,000)
<hr/>		
Taxes On Income	\$2,130,000	\$1,889,000
<hr/>		

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets of \$519,000 and \$465,000 as of December 31, 2003 and 2002, respectively, relate primarily to the accrual of hospitalization and other provider costs, and are reflected as non-admitted assets in the accompanying financial statements.

a. Supplemental Disclosures of Cash Flow Information

Cash paid during the year for:

<i>Year Ended December 31,</i>	2003	2002
<hr/>		
Income taxes	\$2,585,000	\$970,000
<hr/>		

10. Information Concerning Parent, Subsidiaries and Affiliates

Midwest Health Plan, Inc. is a wholly owned subsidiary of Midwest-HC, Inc.

The Plan has an agreement with Midwest Health Center, P.C. (Center), an entity related through common ownership, whereby the Center provides facilities and staffing services utilized by the Plan. For the years ended December 31, 2003 and 2002, These shared service fees amounted to \$840,000 and \$843,000, respectively. In addition,

Notes to Financial Statement

the Plan paid approximately \$542,000 and \$458,000 during 2003 and 2002, respectively, for information systems services to this related party.

Under a primary site/plan agreement with the Center and another company under common control, the Plan is responsible for making payments for provider services based on enrolled members. For the years ended December 31, 2003 and 2002 total payments for provider services to the three related parties were \$3,478,000 and \$3,127,000, respectively.

Amounts due to affiliate at December 31, 2003 of \$93,643 represents estimated overhead reimbursements. The balance of due from affiliate at December 31, 2003 is included as a non-admitted asset in the accompanying financial statements.

The Plan has entered into an operating lease agreement with a related party. Rent paid to the related party was \$281,250 and \$113,000 for the years December 31, 2003 and 2002, respectively. The leases is currently being maintained on a month-to-month basis.

11. Debt

No long-term debt.

12. Employee Benefit Plan

The Plan maintains a 401(k) plan for its employees. All employees are eligible to participate in the 401(k) plan after completion of age and service requirements. The Plan makes matching contributions to the 401(k) plan up to four percent or eligible compensation. Contributions made to the 401(k) plan by the Plan for the years ended December 31, 2003 and 2002 were approximately \$47,000 and \$7,000, respectively.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

During January 2003, the plan declared and paid a dividend of \$140,000 to its parent corporation. The proceeds of the dividend were used by the parent corporation to repurchase shares of its outstanding stock.

14. Commitments and Contingencies

None.

15. Leases

During 2000, the Plan entered into an operating agreement with a related party. Rent paid to the related party was \$281,250 and \$113,000 for the years ended December 31, 2003 and 2002, respectively. The lease is currently being maintained on a month-to-month basis.

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk.

None.

17. Sales, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

None.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans.

None.

19. Direct Premium Written/Produced by Managing General Third Agents/Third Party Administrators

None.

20. Other Items

None.

21. Events Subsequent

Notes to Financial Statement

None.

22. Reinsurance

The Plan has a reinsurance agreement with Reliastar Life Insurance Company, NAIC #67105, Federal tax ID #41-0451140. The deductible rate for institutional services is \$110,000 with a co-payment of 10%.

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination.

None.

24. Salvage and Subrogation

None.

25. Change in Incurred Claims and Claims Adjustment Expenses

The Plan recognized claim adjustment expenses based on an actuarial determined amount. Claim adjustment expenses for the years ended December 31, 2003 and 2002 for the Plan were approximately \$1,601,333 and \$1,320,000, as specified by SSAP No. 55, Unpaid Claims, Losses and Loss Adjustment Expenses which was adopted by the State of Michigan Division of Insurance for implementation beginning with the year ended December 31, 2002 reporting requirements.

26. Organization and Operations

Midwest Health Plan, Inc. (the Plan), a wholly owned subsidiary of Midwest-HC, Inc. was organized in May 1993 as a clinic plan to provide certain health care services to Medicaid beneficiaries in Michigan. In November 1998, the Plan was granted a health maintenance organization license. As of December 31, 2003, the Plan was responsible for providing health care services to approximately 49,000 Medicaid enrollees. Revenues are generated through monthly capitation payments received from the State of Michigan for Medicaid waived enrollees.

27. Minimum Net Worth

a. Minimum Statutory Deposit Requirements

Under the laws of the State of Michigan, the Plan is required to provide a minimum statutory deposit of \$1,000,000. The Plan as of December 31, 2003 has \$1,007,813 deposited with the State of Michigan Division of Insurance.

b. Minimum Net Worth Requirements

Under the laws of the State of Michigan, the Plan is required to have a minimum net worth of \$1,500,000 for the year ended December 31, 2003. For the year ending December 31, 2004 the State of Michigan may require the Plan to increase its net worth requirements consistent with R325.6345 (345).

c. Admitted Assets

Assets are stated at admitted asset values and exclude certain assets designated as non-admitted. "Admitted asset value" refers to the value at which respective assets are permitted to be reported in the financial statements submitted to regulatory agencies. "Non-admitted assets" refer to assets other than assets which are permitted to be reported. Non-admitted assets are charged against unassigned surplus.

d. Non-admitted Assets

The non-admitted assets which have been excluded from the financial statements by direct charges to unassigned surplus are as follows:

<i>December 31,</i>	2003	2002
<hr/>		
Deferred tax assets	\$519,000	\$465,000
Furniture and equipment - net	11,838	17,784
Prepaid expenses	-	15,972
Leasehold Improvements	17,518	-
Affiliate receivable	-	
<hr/>		
	\$548,356	\$498,756
<hr/>		

e. Reconciliation of Net Worth Using Generally Accepted Accounting Principles to Statutory Principles

Notes to Financial Statement

The following table reconciles liabilities and net worth using accounting principles generally accepted to total liabilities and net worth according to statutory requirements.

<i>December 31,</i>	2003	2002
<hr/>		
Assets using accounting principles generally accepted	\$36,007,362	\$27,940,118
Less: Health care receivavles	-	(15,972)
Furniture & equipment	(11,838)	(17,784)
Leasehold Improvements	(17,518)	-
Deferred tax asset	(519,000)	(465,000)
<hr/>		
Net Worth Using Statutory Requirements	\$35,459,006	\$27,441,362
<hr/>		

SUMMARY INVESTMENT SCHEDULE

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities	1,007,813	2.994	1,007,813	2.994
1.2	U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies				
1.22	Issued by U.S. government sponsored agencies				
1.3	Foreign government (including Canada, excluding mortgage-backed securities)				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43	Revenue and assessment obligations				
1.44	Industrial development and similar obligations				
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Guaranteed by GNMA				
1.512	Issued by FNMA and FHLMC				
1.513	Privately issued				
1.52	CMOs and REMICs:				
1.521	Issued by FNMA and FHLMC				
1.522	Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC				
1.523	All other privately issued				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2	Unaffiliated foreign securities				
2.3	Affiliated securities				
3.	Equity interests:				
3.1	Investments in mutual funds				
3.2	Preferred stocks:				
3.21	Affiliated				
3.22	Unaffiliated				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated				
3.32	Unaffiliated				
3.4	Other equity securities:				
3.41	Affiliated				
3.42	Unaffiliated				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated				
3.52	Unaffiliated				
4.	Mortgage loans:				
4.1	Construction and land development				
4.2	Agricultural				
4.3	Single family residential properties				
4.4	Multifamily residential properties				
4.5	Commercial loans				
4.6	Mezzanine real estate loans				
5.	Real estate investments:				
5.1	Property occupied by company				
5.2	Property held for production of income (includes \$..... of property acquired in satisfaction of debt)				
5.3	Property held for sale (\$..... including property acquired in satisfaction of debt)				
6.	Policy loans				
7.	Receivables for securities				
8.	Cash and short-term investments	32,648,945	97.006	32,648,946	97.006
9.	Other invested assets				
10.	Total invested assets	33,656,758	100.000	33,656,759	100.000

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[] No[X]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[] No[] N/A[X]
- 1.3 State Regulating?

.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.

.....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

.....12/31/1999.....
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

.....12/31/1999.....
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

.....02/20/2001.....
- 3.4 By what department or departments?

.....
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

Yes[] No[X]
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?

Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

Yes[] No[X]
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?

Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

.....

1	2	3
Name of Entity	NAIC Company Code	State of Domicile
.....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[] No[X]
- 6.2 If yes, give full information:

.....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,

..... %
- 7.21 State the percentage of foreign control

.....
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

.....

1	2
Nationality	Type of Entity
.....

GENERAL INTERROGATORIES (continued)

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
..... Yes[] No[X] ..	.. Yes[] No[X] ..	.. Yes[] No[X] ..	.. Yes[] No[X] ..	.. Yes[] No[X] ..

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

BDO Seidman, LLP, 755 West Big Beaver, Suite 1900 Troy, Michigan 48084-0178
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Michael Sturm, Milliman USA, 15800 Blue Mound Road, Suite 400, Brookfield, Wisconsin 53005-6069, Consulting Contract
11. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

11.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

11.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

11.3 Have there been any changes made to any of the trust indentures during the year?

11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes?

Yes[] No[X]
Yes[] No[X]
Yes[] No[] N/A[X]

BOARD OF DIRECTORS

12. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[X] No[]
13. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[]
14. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person?

Yes[X] No[]

FINANCIAL

- 15.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

15.11 To directors or other officers

15.12 To stockholders not officers

15.13 Trustees, supreme or grand (Fraternal only)

15.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

15.21 To directors or other officers

15.22 To stockholders not officers

15.23 Trustees, supreme or grand (Fraternal only)

\$
\$
\$
\$
\$
\$
\$
- 16.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[] No[X]
- 16.2 If yes, state the amount thereof at December 31 of the current year:

16.21 Rented from others

16.22 Borrowed from others

16.23 Leased from others

16.24 Other

Disclose in Notes to Financial the nature of each obligation.

\$
\$
\$
\$
- 17.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[] No[X]
- 17.2 If answer is yes:

17.21 Amount paid as losses or risk adjustment

17.22 Amount paid as expenses

17.23 Other amounts paid

\$
\$
\$

GENERAL INTERROGATORIES (continued)

INVESTMENT

18. List the following capital stock information for the reporting entity:

Class		1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
1.	Preferred .....	.....	.....	.....	.....	Yes[] No[] N/A[X]	Yes[] No[] N/A[X]
2.	Common .....	..... 60,000,000.000	..... 10,000,000.000	..... 22.000	..... X X X .....	..... X X X .....	..... X X X

19.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits? Yes[X] No[]

19.2 If no, give full and complete information, relating thereto:

20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 16.1). Yes[] No[X]

20.2 If yes, state the amount thereof at December 31 of the current year:

20.21	Loaned to others	\$
20.22	Subject to repurchase agreements	\$
20.23	Subject to reverse repurchase agreements	\$
20.24	Subject to dollar repurchase agreements	\$
20.25	Subject to reverse dollar repurchase agreements	\$
20.26	Pledged as collateral	\$
20.27	Placed under option agreements	\$
20.28	Letter stock or securities restricted as to sale	\$
20.29	Other	\$

20.3 For each category above, if any of these assets are held by other, identify by whom held:

- 20.31
- 20.32
- 20.33
- 20.34
- 20.35
- 20.36
- 20.37
- 20.38
- 20.39

For categories (20.21) and (20.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

20.4 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....

21.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes[] No[X]

21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[] No[] N/A[X]

If no, attach a description with this statement.

22.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[] No[X]

22.2 If yes, state the amount thereof at December 31 of the current year. \$

GENERAL INTERROGATORIES (continued)

INVESTMENT

23. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?
- 23.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:
- Yes[] No[X]

1	2
Name of Custodian(s)	Custodian's Address
.....

- 23.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)
.....

- 23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year?
- 23.04 If yes, give full and complete information relating thereto:
- Yes[] No[X]

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason
.....

- 23.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository Number(s)	Name	Address
.....

- 24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?
- 24.2 If yes, complete the following schedule:
- Yes[] No[X]

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
24.2999 Total

- 24.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
.....

GENERAL INTERROGATORIES (Continued)

OTHER

25.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

25.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

\$ 92,074

1 Name	2 Amount Paid
National Committee for Quality Assurance (NCQA)	22,271
Michigan Association of Health Plans	27,516

26.1 Amount of payments for legal expenses, if any?

26.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

\$ 474,578

1 Name	2 Amount Paid
Barris, Sott, Denn & Driker, PLLC	263,894

27.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

27.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

\$

1 Name	2 Amount Paid
.....

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[] No[X]

1.2 If yes, indicate premium earned on U.S. business only:

\$

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31 Reason for excluding:

1.4 Indicate amount of premium earned attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$

1.6 Individual policies - Most current three years:

1.61 Total premium earned

\$

1.62 Total incurred claims

\$

1.63 Number of covered lives

\$

All years prior to most current three years:

1.64 Total premium earned

\$

1.65 Total incurred claims

\$

1.66 Number of covered lives

\$

1.7 Group policies - Most current three years:

1.71 Total premium earned

\$

1.72 Total incurred claims

\$

1.73 Number of covered lives

\$

All years prior to most current three years:

1.74 Total premium earned

\$

1.75 Total incurred claims

\$

1.76 Number of covered lives

\$

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator .....	.....	.....
2.2	Premium Denominator .....	.....	.....
2.3	Premium Ratio (2.1 / 2.2) .....	.....	.....
2.4	Reserve Numerator .....	.....	.....
2.5	Reserve Denominator .....	.....	.....
2.6	Reserve Ratio (2.4 / 2.5) .....	.....	.....

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[] No[X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?

Yes[] No[X]

4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[] No[X]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive Medical

\$ 200,000

5.32 Medical Only

\$

5.33 Medicare Supplement

\$

5.34 Dental

\$

5.35 Other Limited Benefit Plan

\$

5.36 Other

\$

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

7.1 Does the reporting entity set up its claim liability for provider services on a service data base?

Yes[X] No[]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

495

8.2 Number of providers at end of reporting year

409

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[] No[X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

0

9.22 Business with rate guarantees over 36 months

0

GENERAL INTERROGATORIES (continued)
PART 2 - HEALTH INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes☒ No☐

10.2 If yes:

10.21 Maximum amount payable bonuses

\$ 1,153,264

10.22 Amount actually paid for year bonuses

\$ 1,692,590

10.23 Maximum amount payable withholds

\$

10.24 Amount actually paid for year withholds

\$

11.1 Is the reporting entity organized as:

11.12 A medical Group/Staff Model,

Yes☐ No☒

11.13 An Individual Practice Association (IPA), or,

Yes☐ No☒

11.14 A Mixed Model (combination of above)?

Yes☒ No☐

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes☒ No☐

11.3 If yes, show the name of the state requiring such net worth.

Michigan

11.4 If yes, show the amount required.

\$ 1,500,000

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes☐ No☒

11.6 If the amount is calculated, show the calculation.

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
Macomb, Oakland, Washtenaw & Wayne counties

33

FIVE-YEAR HISTORICAL DATA

	1 2003	2 2002	3 2001	4 2000	5 1999
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	35,459,006	27,441,362	21,050,550	15,116,418	10,907,750
2. Total liabilities (Page 3, Line 22)	21,294,594	17,307,329	14,923,973	11,109,783	7,331,279
3. Statutory surplus					
4. Total capital and surplus (Page 3, Line 30)	14,164,412	10,134,033	6,126,577	4,006,635	3,088,669
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 8)	93,073,277	78,629,655	66,401,257	42,928,140	26,841,684
6. Total medical and hospital expenses (Line 18)	78,127,042	66,117,660	57,381,838	35,716,195	23,086,863
7. Total administrative expenses (Line 21)	7,297,163	6,136,282	6,602,011	4,834,900	3,147,013
8. Net underwriting gain (loss) (Line 24)	6,047,740	5,055,713	2,417,408	2,377,045	607,808
9. Net investment gain (loss) (Line 27)	302,240	348,679	461,067	537,023	298,865
10. Total other income (Lines 28 plus 29)					
11. Net income or (loss) (Line 32)	4,219,980	3,515,392	1,948,475	2,024,068	906,673
RISK-BASED CAPITAL ANALYSIS					
12. Total adjusted capital	14,164,412	10,134,033	6,126,577	4,006,635	3,088,669
13. Authorized control level risk-based capital	3,178,140	2,725,261	2,271,681	1,552,787	1,303,386
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	48,729	40,316	35,477	31,094	16,139
15. Total members months (Column 6, Line 7)	540,063	457,773	401,185	263,456	167,942
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5)					
16. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total hospital and medical (Line 18)	81.0	84.2	86.4	83.2	86.0
18. Total underwriting deductions (Line 23)	90.2	93.7	96.4	94.5	97.7
19. Total underwriting gain (loss) (Line 24)	6.3	6.4	3.6	5.5	2.3
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 12, Col. 5)	13,582,609	11,896,993	8,151,932	5,241,818	3,769,340
21. Estimated liability of unpaid claims-[prior year (Line 12, Col. 6)] ..	16,017,430	13,943,451	9,518,786	6,502,314	3,082,679
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)					
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)					
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)					
26. Affiliated mortgage loans on real estate					
27. All other affiliated					
28. Total of above Lines 22 to 27					

SCHEDULE D - SUMMARY BY COUNTRY
Long-term Bonds and Stocks OWNED December 31 of Current Year

Description			1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1.	United States	1,007,813	1,009,375	1,009,375	1,000,000
	2.	Canada				
	3.	Other Countries				
	4.	Totals	1,007,813	1,009,375	1,009,375	1,000,000
States, Territories and Possessions (Direct and Guaranteed)	5.	United States				
	6.	Canada				
	7.	Other Countries				
	8.	Totals				
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9.	United States				
	10.	Canada				
	11.	Other Countries				
	12.	Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13.	United States				
	14.	Canada				
	15.	Other Countries				
	16.	Totals				
Public Utilities (unaffiliated)	17.	United States				
	18.	Canada				
	19.	Other Countries				
	20.	Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21.	United States				
	22.	Canada				
	23.	Other Countries				
	24.	Totals				
Parent, Subsidiaries and Affiliates	25.	Totals				
	26.	Total Bonds	1,007,813	1,009,375	1,009,375	1,000,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27.	United States				
	28.	Canada				
	29.	Other Countries				
	30.	Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31.	United States				
	32.	Canada				
	33.	Other Countries				
	34.	Totals				
Industrial and Miscellaneous (unaffiliated)	35.	United States				
	36.	Canada				
	37.	Other Countries				
	38.	Totals				
Parent, Subsidiaries and Affiliates	39.	Totals				
	40.	Total Preferred Stocks				
COMMON STOCKS Public Utilities (unaffiliated)	41.	United States				
	42.	Canada				
	43.	Other Countries				
	44.	Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45.	United States				
	46.	Canada				
	47.	Other Countries				
	48.	Totals				
Industrial and Miscellaneous (unaffiliated)	49.	United States				
	50.	Canada				
	51.	Other Countries				
	52.	Totals				
Parent, Subsidiaries and Affiliates	53.	Totals				
	54.	Total Common Stocks				
	55.	Total Stocks				
	56.	Total Bonds and Stocks	1,007,813	1,009,375	1,009,375	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$.....

SCHEDULE D - Verification Between Years

1. Book/adjusted carrying value of bonds and stocks, prior year.	<u>1,014,674</u>	6. Foreign Exchange Adjustment	
2. Cost of bonds and stocks acquired, Column 6, Part 3.....	<u>1,007,813</u>	6.1 Column 17, Part 1.....	
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Section 1.....	
3.1 Column 16, Part 1.....		6.3 Column 11, Part 2, Section 2.....	
3.2 Column 12, Part 2, Section 1.....		6.4 Column 11, Part 4.....	
3.3 Column 10, Part 2, Section 2.....			
3.4 Column 10, Part 4.....		7. Book/adjusted carrying value at end of current period.....	<u>1,005,286</u>
4. Total gain (loss), Column 14, Part 4.....		8. Total valuation allowance.....	
5. Deduct consideration for bonds and stocks disposed of		9. Subtotal (Lines 7 plus 8).....	<u>1,005,286</u>
Column 6, Part 4.....	<u>1,017,201</u>	10. Total nonadmitted assets.....	
		11. Statement value of bonds and stocks, current period.....	<u>1,005,286</u>

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
Allocated by States and Territories

		1	2	Direct Business Only					
		Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3	4	5	6	7	8
State, Etc.				Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Deposit-Type Contract Funds	Property/ Casualty Premiums
1.	Alabama (AL)	No	No .....	.....	.....	.....	.....	.....	.....
2.	Alaska (AK)	No	No .....	.....	.....	.....	.....	.....	.....
3.	Arizona (AZ)	No	No .....	.....	.....	.....	.....	.....	.....
4.	Arkansas (AR)	No	No .....	.....	.....	.....	.....	.....	.....
5.	California (CA)	No	No .....	.....	.....	.....	.....	.....	.....
6.	Colorado (CO)	No	No .....	.....	.....	.....	.....	.....	.....
7.	Connecticut (CT)	No	No .....	.....	.....	.....	.....	.....	.....
8.	Delaware (DE)	No	No .....	.....	.....	.....	.....	.....	.....
9.	District of Columbia (DC)	No	No .....	.....	.....	.....	.....	.....	.....
10.	Florida (FL)	No	No .....	.....	.....	.....	.....	.....	.....
11.	Georgia (GA)	No	No .....	.....	.....	.....	.....	.....	.....
12.	Hawaii (HI)	No	No .....	.....	.....	.....	.....	.....	.....
13.	Idaho (ID)	No	No .....	.....	.....	.....	.....	.....	.....
14.	Illinois (IL)	No	No .....	.....	.....	.....	.....	.....	.....
15.	Indiana (IN)	No	No .....	.....	.....	.....	.....	.....	.....
16.	Iowa (IA)	No	No .....	.....	.....	.....	.....	.....	.....
17.	Kansas (KS)	No	No .....	.....	.....	.....	.....	.....	.....
18.	Kentucky (KY)	No	No .....	.....	.....	.....	.....	.....	.....
19.	Louisiana (LA)	No	No .....	.....	.....	.....	.....	.....	.....
20.	Maine (ME)	No	No .....	.....	.....	.....	.....	.....	.....
21.	Maryland (MD)	No	No .....	.....	.....	.....	.....	.....	.....
22.	Massachusetts (MA)	No	No .....	.....	.....	.....	.....	.....	.....
23.	Michigan (MI)	Yes	Yes .....	.....	.....	96,721,255	.....	.....	.....
24.	Minnesota (MN)	No	No .....	.....	.....	.....	.....	.....	.....
25.	Mississippi (MS)	No	No .....	.....	.....	.....	.....	.....	.....
26.	Missouri (MO)	No	No .....	.....	.....	.....	.....	.....	.....
27.	Montana (MT)	No	No .....	.....	.....	.....	.....	.....	.....
28.	Nebraska (NE)	No	No .....	.....	.....	.....	.....	.....	.....
29.	Nevada (NV)	No	No .....	.....	.....	.....	.....	.....	.....
30.	New Hampshire (NH)	No	No .....	.....	.....	.....	.....	.....	.....
31.	New Jersey (NJ)	No	No .....	.....	.....	.....	.....	.....	.....
32.	New Mexico (NM)	No	No .....	.....	.....	.....	.....	.....	.....
33.	New York (NY)	No	No .....	.....	.....	.....	.....	.....	.....
34.	North Carolina (NC)	No	No .....	.....	.....	.....	.....	.....	.....
35.	North Dakota (ND)	No	No .....	.....	.....	.....	.....	.....	.....
36.	Ohio (OH)	No	No .....	.....	.....	.....	.....	.....	.....
37.	Oklahoma (OK)	No	No .....	.....	.....	.....	.....	.....	.....
38.	Oregon (OR)	No	No .....	.....	.....	.....	.....	.....	.....
39.	Pennsylvania (PA)	No	No .....	.....	.....	.....	.....	.....	.....
40.	Rhode Island (RI)	No	No .....	.....	.....	.....	.....	.....	.....
41.	South Carolina (SC)	No	No .....	.....	.....	.....	.....	.....	.....
42.	South Dakota (SD)	No	No .....	.....	.....	.....	.....	.....	.....
43.	Tennessee (TN)	No	No .....	.....	.....	.....	.....	.....	.....
44.	Texas (TX)	No	No .....	.....	.....	.....	.....	.....	.....
45.	Utah (UT)	No	No .....	.....	.....	.....	.....	.....	.....
46.	Vermont (VT)	No	No .....	.....	.....	.....	.....	.....	.....
47.	Virginia (VA)	No	No .....	.....	.....	.....	.....	.....	.....
48.	Washington (WA)	No	No .....	.....	.....	.....	.....	.....	.....
49.	West Virginia (WV)	No	No .....	.....	.....	.....	.....	.....	.....
50.	Wisconsin (WI)	No	No .....	.....	.....	.....	.....	.....	.....
51.	Wyoming (WY)	No	No .....	.....	.....	.....	.....	.....	.....
52.	American Samoa (AS)	No	No .....	.....	.....	.....	.....	.....	.....
53.	Guam (GU)	No	No .....	.....	.....	.....	.....	.....	.....
54.	Puerto Rico (PR)	No	No .....	.....	.....	.....	.....	.....	.....
55.	U.S. Virgin Islands (VI)	No	No .....	.....	.....	.....	.....	.....	.....
56.	Canada (CN)	No	No .....	.....	.....	.....	.....	.....	.....
57.	Aggregate other alien (OT)	X X X	X X X .....	.....	.....	.....	.....	.....	.....
58.	TOTAL (Direct Business)	X X X	(a). 1 .....	.....	.....	96,721,255	.....	.....	.....
DETAILS OF WRITE-INS									
5701	.....			.....	.....	.....	.....	.....	.....
5702	.....			.....	.....	.....	.....	.....	.....
5703	.....			.....	.....	.....	.....	.....	.....
5798.	Summary of remaining write-ins for Line 57 from overflow page .....			.....	.....	.....	.....	.....	.....
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above) ..			.....	.....	.....	.....	.....	.....

(a) Insert the number of yes responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

1) Rick Poston
2) Jack Shaprio
3) Mark Saffer
4) You-Wen Tsai
5) Farid Jano

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Midwest-HC, Inc. -- Midwest Health Center, PC -- Brookside Health Center, PC -- SPS Woodbridge, LLC -- Midwest-Woodbridge Health Center, PC -- Midwest-Metro Health Center, PC -- Midwest-Livonia, PC -- Rick A. Poston, DO, PC -- Carpenter Medical Associates, PC.
(38-3137116) (38-2342286) (38-3079378) (38-3446228) (38-3264451) (38-3213872) (38-3601410) (38-2243830) (38-2576638)
(Parent) (Affiliate) (Affiliate) (Affiliate) (Affiliate) (Affiliate) (Affiliate)

|

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Midwest Health Plan, Inc.
(38-3123777)
(Wholly owned subsidiary
of Midwest-HC